



## STAFF REPORT ACTION REQUIRED

### Redevelopment of St. Lawrence Market North – Status Update

<b>Date:</b>	December 17, 2015
<b>To:</b>	Government Management Committee
<b>From:</b>	Chief Corporate Officer
<b>Wards:</b>	Ward 28 – Toronto-Centre Rosedale
<b>Reference Number:</b>	P:\2016\Internal Services\FAC\Gm16005fac (AFS # 22378)

#### SUMMARY

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The purpose of this report is to inform Council of the impact of archaeological assessment on the Redevelopment of St. Lawrence Market North project timelines and to obtain approval to demolish the existing North Market Building at 92 Front Street, subject to confirmation by the Architect that the construction cost estimate for the new building is within budget.

Cost confirmation for the new building, by way of a bid price following the tender process, prior to demolition requires confirmation of a construction start date. This cannot be done at this time due to the uncertainty associated with the delay to complete the archaeological assessment in advance of new construction. The archaeological assessment requires the demolition of the existing building to allow full site access before Stage 4 archaeological fieldwork can safely occur.

#### RECOMMENDATIONS

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**The Chief Corporate Officer recommends that:**

1. City Council authorize the Chief Corporate Officer to proceed with Phase 2, Demolition of the Existing North Market Building at 92 Front Street, of the Redevelopment of St. Lawrence Market North project, including demolition of the existing building and archaeological assessment of the site in advance of new construction.

## Financial Impact

Funding for the St. Lawrence Market North Redevelopment Project is available in the 2016-2025 Capital Budget and Plan for Facilities, Real Estate, and Environment & Energy (FREEE) being considered by City Council as part of the 2016 Budget process. Total project cost is \$91.458 million and the funding sources are outlined in the Table 1 below.

Recoverable Debt	39.7
Contribution from Toronto Parking Authority for Underground Garage	14.0
Toronto Parking Authority - Yorkville Garage Joint Venture	15.0
Court Services Stabilization Reserve	4.4
Development Charges	5.0
Section 37/42/45	3.0
Debt Funding	10.4
<b>Total:</b>	<b>91.5</b>

The total project cost of \$91.458 million was approved by City Council in July 2013. Current cash flows approved as part of the 2015 Capital Budget and 10 year Plan are shown below in Table 2.

	<b>Life to Date Spent (As of Dec 31, 2014)</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>	<b>Total</b>
Current Estimates	5.197	2.600	14.715	22.094	46.852	<b>91.458</b>
Approved Plan	5.197	17.315	46.831	22.115	-	<b>91.458</b>
<b>Variance</b>	-	<b>(14.715)</b>	<b>(32.116)</b>	<b>(0.021)</b>	<b>46.852</b>	-

Year to date spending (as of September 30, 2015) is \$2.081 million and it is estimated that only \$2.6 million or 15.0% of the 2015 approved cash flow of \$17.315 million will be spent by year-end. Any unspent cash flow will be carried forward to future years for FM&RE staff to continue the delivery of the project.

The annual cash flow estimates outlined in Table 2 are updated figures and do not align with cash flow estimates approved by Council through the 2015 budget process. The updated cash flows are included in the 2016-2025 Capital Budget and Plan for City Council consideration as part of the 2016 budget process to ensure they align with the latest forecasts.

The Deputy City Manager & Chief Financial Officer has reviewed this report and agrees with the financial impact information.

## DECISION HISTORY

The current St. Lawrence Market North initiative has been ongoing since 2002 to maximize the site's full potential and improve the St. Lawrence Market complex. At its meeting on July 30, 31 and August 1, 2002, City Council approved, in principal, the concept of redeveloping the St. Lawrence Market North Building and directed City staff to study redevelopment options. The 2002 Council report, which includes a detailed history of the St. Lawrence Market complex, can be found through the following hyperlink:

<http://www.toronto.ca/legdocs/2002/agendas/council/cc020730/adm10rpt/cl014.pdf>

At its meeting on June 24, 25 and 26, 2003 City Council established the St. Lawrence Market North Working Committee to determine planning and design guidelines for the redevelopment, as well as consultations with various stakeholders. The report can be found through the following hyperlink:

<http://www.toronto.ca/legdocs/2003/agendas/council/cc030624/adm5rpt/cl024.pdf>

At its meeting on October 26, 27 and 28, 2004, City Council adopted development parameters for St. Lawrence Market North and endorsed a strategic vision statement for the St. Lawrence Market complex. The report can be found through the following hyperlink:

<http://www.toronto.ca/legdocs/2004/agendas/council/cc041026/adm8rpt/cl007.pdf>

At its meeting on June 27, 28, 29 2006, City Council directed City staff to investigate a number of technical matters with the redevelopment, including parking access/accommodations and Court Services as a primary tenant. The report can be found through the following hyperlink:

<http://www.toronto.ca/legdocs/2006/agendas/committees/adm/adm060606/it020.pdf>

At its meeting on September 25, 26, 27 2006, City Council directed City staff to provide a business plan for the redevelopment of the North Market building. The report can be found through the following hyperlink:

<http://www.toronto.ca/legdocs/2006/agendas/council/cc060925/adm6rpt/cl022.pdf>

At its meeting on December 10, 2008, City Council endorsed the strategy to redevelop the St. Lawrence Market North property with a multi-story building, including a ground floor Market Hall, Court Services' court rooms and administrative offices, and a 250-space below grade parking garage. The decision also authorized a design competition to select an architect for the redevelopment. The report can be found through the following hyperlink:

<http://www.toronto.ca/legdocs/mmis/2008/bu/bgrd/backgroundfile-17440.pdf>

At its meeting on July 6, 7, 8, 2010, City Council endorsed the winning design from the St. Lawrence Market North Design Competition and authorized City staff to enter into an agreement with the successful proponent for the provision of architectural services for the new St. Lawrence Market North Building. The report can be found through the following hyperlink:

<http://www.toronto.ca/legdocs/mmis/2010/ex/bgrd/backgroundfile-31365.pdf>

At its meeting on July 16, 17, 18 and 19, 2013, City Council adopted a revised financing plan, including additional funding of \$15.293 million, and directed staff to proceed with the Design Development and Bid Document stages for the new St. Lawrence Market North Building.

<http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2013.GM23.6>

## ISSUE BACKGROUND

The current North Market Design includes:

<b>New St. Lawrence Market Facility</b>	
Below Grade	250 parking spaces (operated by TPA)
Floor 1 - Market Hall	Farmers Market, Commercial Events, Retail Café
Floor 2 - Mezzanine	Restaurant, Kitchen Incubators, Court Services Administrative Offices
Floor 3	Court Services Head Office, Operations and Administrative Offices and Police Services
Floor 4	JP offices, City and Provincial Prosecutions Offices, and 5 courtrooms
Floor 5	9 Courtrooms
All	5 Storey Atrium

The total project cost based on the Architect's latest design submission is \$91.458 million, as approved by City Council at its meeting in July 2013. At this meeting, City Council directed staff to authorize the continuation of the design work by the Architect in order to complete the Design Development and Bid Document Stages for the Project.

The Project is being implemented in 3 major phases;

Phase 1) Design and construction of a Temporary Market Building at 125 The Esplanade and client relocation.

Phase 2) Demolition of the existing North Market Building at 92 Front St. including archeological assessment and environmental remediation of the site in advance of new construction.

Phase 3) Design and Construction of New North Market Building.

As these phases are interdependent they are being implemented sequentially and funded within the current Project Budget of \$91.5M. The consulting team, selected through a design competition, is led by Adamson Associates Architects of Toronto, in association with Rogers Stirk Harbour + Partners of London, England.

The St. Lawrence Market Complex has served as a City landmark for over 200 years and remains as one of the most valuable historical sites in Toronto. The site archaeological assessment process involves 4 stages, namely Stage 1: Background Study, Stage 2: Property Assessment, Stage 3: Site Specific Assessment, and Stage 4: Mitigation.

## **COMMENTS**

### **Current Status**

Phase 1) Design and construction of the Temporary Market Building at 125 The Esplanade, and client relocation, was completed in June 2015.

The Stage 1 archaeological assessment of the existing North Market Building site at 92 Front Street revealed that the St. Lawrence Market North property has been the home to a market and market activities since at least 1803. The first permanent brick market building was erected on this site in 1831. The north end of the structure served as the Town Hall, and after 1834, the City Hall. The building was subsequently destroyed by the 1849 Toronto fire and replaced with new buildings in 1851, 1904 and the current north market building in 1968.

A Stage 2/3 archaeological assessment of the site was conducted by Golder Associates Ltd. in September 2015. Archaeological evidence for all phases of occupation of the Market has been recovered including foundation piers and a large arched flagstone sewer from the 1831 building, and the original pre-development ground surface preserved within the interior courtyard of the 1831 building. In light of these significant archaeological findings the Stage 2/3 Archaeological Assessment Report was submitted to the authority having jurisdiction, the Ministry of Tourism, Culture and Sport (MTCS), in consultation with the City's Planning Division (Heritage Preservation Services Unit (HPS)), for review and approval. This Report sets out the formal requirements for the subsequent Stage 4 investigation including parameters for recovery of artifacts and conservation of structures that are of important historical value.

The City has received a letter of approval from MTCS, dated November 09, 2015, which confirmed the requirement for Stage 4: Mitigation including the requirement that the existing building must be demolished to allow full site access before archeological fieldwork can safely occur.

HPS has stipulated that all archaeological approval requirements must be satisfied prior to the issuance of an above-grade building permit. The City's Archaeology Consultant has advised that this added step will result in project delay of 6 to 12 months depending on the extent and significance of further archaeological findings.

It was Staff's original intention to not demolish the existing building until the construction tender process for the new building was completed and the bid price of the new building known. This is no longer possible given that the Stage 4 archaeological assessment of the site requires the demolition of the existing building to allow for archeological fieldwork to be completed.

A construction start date for the new building can therefore not be confirmed until all regulatory approval requirements for the issuance of a building permit are satisfied. This includes archaeological assessment.

Schedule milestones as they stand now, subject to the duration of Stage 4 archaeological assessment is as follows;

**Phase 2) Demolition, including site archaeology**

- Building Demolition and Site Archaeology contract awards, Q1, 2016  
(Subject to new building cost confirmation by Architect)
- Building Demolition and Archaeology contract completion, Q3, 2016

**Phase 3) Design and Construction of New North Market Building**

- Bid Document Completion, including cost checks, Q1, 2016
- Construction Tender Call, Q2, 2016  
(Subject to extent of site archaeology)
- Construction Contract Award, Q3, 2016
- Construction Completion, Q4, 2018  
(Subject to confirmation by contractor)

City staff has completed the Design Development Stage of the new North Market Building with the Architect. The project is currently in the Bid Documents Stage where City cost checks are required including a pre-tender cost estimate. This is the Architect's best estimate of construction costs based on 100% complete design. If the estimate is within budget, City Staff will issue a construction Tender Call. If the estimate exceeds budget, the Architect will be required to redesign to meet budget.

**Schedule Risks**

The following items have the potential to impact project timelines and cash flow forecasts going forward.

Site archeological assessment

Archaeological assessment continues to be a risk to the overall project schedule with delays experienced during both the Temporary and Permanent Market Building Phases.

The authorities having jurisdiction have advised that no new construction can take place until all archaeological approval requirements have been satisfied. This scope of work includes the requirement that the existing North Market building be demolished to allow full site access before Stage 4 fieldwork can safely occur.

The City's Archaeology Consultant has advised that the Stage 4 archaeological investigation could result in project delay of 6 to 12 months depending on the extent and significance of the archaeological findings.

A construction start date for the new building can therefore not be confirmed until all regulatory approval requirements to obtain a building permit are satisfied including archaeological assessment which requires demolition of the existing building in order to complete archaeological fieldwork.

### Design cost checks / value engineering

Cost control continues to be an issue on the project. The Architect's efforts to design within budget have been unsuccessful to date. Value engineering and redesign to bring costs within budget is ongoing and will continue to resolution.

Cost confirmation for the new building, by way of a bid price, prior to demolition requires confirmation of a construction start date. This cannot be done at this time due to the uncertainty associated with the delay to complete the archaeological assessment in advance of new construction.

The City will not demolish the existing building, nor tender a construction contract for the new permanent market building, without assurance from the Architect that the construction cost estimate for the new building is within budget.

### **CONCLUSION**

It was Staff's original intention to not demolish the existing building until the construction tender process for the new building was completed and the bid price of the new building known. This is no longer possible given that the Stage 4 archaeological assessment of the site requires the demolition of the existing building to allow for Stage 4 archeological fieldwork to be completed. Accordingly, Council is now being asked whether it wants to proceed with the project and demolish the existing building, before the final project budget is known.

Cost confirmation for the new building, by way of a bid price following the tender process, prior to the demolition of the existing building requires confirmation of a construction start date. This cannot be done until all regulatory approval requirements to obtain a building permit are satisfied including archaeological assessment which requires demolition of the existing building in order for archaeological fieldwork to be completed.

City Staff will issue a tender call for demolition of the existing building, including archaeological assessment of the site, subject to confirmation from the Architect that the construction cost estimate for the new SLMN Building is within budget.

If the estimate exceeds budget, more value engineering and redesign to meet budget will be required until resolution.

### **CONTACT**

Richard Coveduck, Director  
Strategic Construction Projects  
Tel: 416-338-2737 [rcovedu@toronto.ca](mailto:rcovedu@toronto.ca)

Joe Casali, Director  
Real Estate Services  
Tel: 416-392-7202 [jcasali@toronto.ca](mailto:jcasali@toronto.ca)

### **SIGNATURE**

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Josie Scioli, Chief Corporate Officer